中國大冶有色金屬礦業有限公司
China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

	2012	2011	Changes	
	RMB million	*RMB million*	*RMB million*	%
Turnover	**28,878,123**	27,144,759	**1,733,364**	6.4%
Gross profit	**862,979**	921,339	**(58,360)**	-6.3%
Profit before tax	**181,643**	157,635	**24,008**	15.2%
Profit for the year attributable to owners of the Company	**157,176**	149,275	**7,901**	5.3%
Basic earnings per share	**RMB0.96 fen**	RMB1.39 fen	**-RMB0.43 fen**	-30.9%

The board of the directors (the "Board") of China Daye Non-Ferrous Metals Mining Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000 (restated) (Note 2)
Revenue	5, 6	**28,878,123**	27,144,759
Cost of sales/services		**(28,015,144)**	(26,223,420)
Gross profit		**862,979**	921,339
Other income	7	**83,012**	80,440
Selling expenses		**(56,581)**	(48,612)
Administrative expenses		**(392,220)**	(470,716)
Other operating expenses		**(33,688)**	(31,956)
Other gains/(losses), net	8	**86,241**	(47,765)
Finance costs	9	**(368,100)**	(245,095)
Profit before tax		**181,643**	157,635
Income tax (expense)/credit	10	**(17,991)**	23,476
Profit for the year	11	**163,652**	181,111
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**7,160**	–
Total comprehensive income for the year		**170,812**	181,111
Profit for the year attributable to:			
Owners of the Company		**157,176**	149,275
Non-controlling interests		**6,476**	31,836
		163,652	181,111
Total comprehensive income for the year attributable to:			
Owners of the Company		**163,052**	149,275
Non-controlling interests		**7,760**	31,836
		170,812	181,111
Earnings per share	13		
– Basic		**RMB0.96 fen**	RMB1.39 fen
– Diluted		**RMB0.92 fen**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

		At 31 December	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
			(restated)
			(Note 2)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,619,479**	4,150,573
Exploration and evaluation assets		**90,240**	63,091
Prepaid lease payments		**738,982**	761,269
Intangible assets		**1,156,395**	565,023
Goodwill		**1,961,656**	–
Restricted bank deposits		**–**	124,553
Deferred tax assets		**104,781**	120,052
Deposit for acquisition of intangible assets		**32,690**	–
Deposits for acquisition of property, plant and equipment		**91,750**	55,488
		9,795,973	5,840,049
CURRENT ASSETS			
Prepaid lease payments		**20,510**	20,322
Inventories		**4,764,501**	3,831,801
Trade, bills and notes receivables	*14*	**634,328**	657,132
Prepayments and other receivables		**663,469**	144,246
Derivative financial instruments		**1,361**	925
Restricted deposits and bank balances		**444,892**	537,166
Bank deposits, bank balances and cash		**1,030,709**	691,023
		7,559,770	5,882,615
CURRENT LIABILITIES			
Trade payables	*15*	**1,383,121**	1,309,683
Other payables and accrued expenses		**795,420**	784,743
Current income tax liabilities		**1,179**	9,170
Derivative financial instruments		**954**	14,479
Bank and other borrowings – due within one year		**4,970,952**	3,705,157
Provisions		**48,642**	22,586
Cumulative redeemable preference shares		**900**	–
Convertible notes		**163,682**	–
Early retirement obligation		**14,560**	18,430
		7,379,410	5,864,248
NET CURRENT ASSETS		**180,360**	18,367
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,976,333**	5,858,416

	Notes	At 31 December 2012 RMB'000	2011 RMB'000 (restated) (Note 2)
CAPITAL AND RESERVES			
Issued equity	*16*	**705,506**	–
Share premium and reserves		**4,786,942**	3,606,072
Equity attributable to owners of the Company		**5,492,448**	3,606,072
Non-controlling interests		**433,040**	176,111
TOTAL EQUITY		**5,925,488**	3,782,183
NON-CURRENT LIABILITIES			
Convertible notes		**521,841**	–
Bank and other borrowings – due after one year		**2,982,384**	1,696,503
Deferred income		**185,458**	112,967
Provisions		**171,967**	207,174
Early retirement obligation		**46,790**	59,589
Deferred tax liabilities		**142,405**	–
		4,050,845	2,076,233
		9,976,333	5,858,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2012

1. GENERAL INFORMATION

China Daye Non-Ferrous Metals Mining Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 2001, World Wide House, 19 Des Voeux Road Central, Hong Kong, respectively. The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in mining and processing of mineral ores and trading of metal products. In the opinion of the directors of the Company, as at 31 December 2012, the ultimate holding company is Daye Non-Ferrous Metals Corporation Holdings Limited ("Daye Corporation"), a company incorporated with limited liability under the laws of the People's Republic of China (the "PRC") which is owned as to 51% and 49% by the State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government ("Hubei SASAC") and China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC"), a company established in the PRC with limited liability and wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China.

Upon the completion of the Reverse Takeover Transaction (as defined hereinunder), the Group changed the presentation currency of its consolidated financial statements from Hong Kong Dollar ("HK$") to Renminbi ("RMB") because, in the opinion of the directors of the Company, this could better reflect the Group's business (majority of which is located in the PRC) since then and could provide users with more comparable information with other companies in similar industries. Comparative figures have been represented in RMB.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

On 7 March 2012, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application were completed. The Group acquired the entire issued share capital of Prosper Well Group Limited ("Prosper Well", a company incorporated in British Virgin Islands ("BVI") with limited liability) from China Times Development Limited ("China Times") and China Cinda (HK) Asset Management Co., Limited ("Cinda HK") by the allotment and issue of 10,799,762,092 and 936,953,542 ordinary shares of the Company with nominal value of HK$0.05 each (collectively referred to as the "Consideration Shares") to China Times and Cinda HK, respectively, as well as the issue of HK$1,003,836,048 zero coupon convertible note to China Times. Prosper Well is an investment holding company which is owned as to 93.18% by China Times (a company wholly-owned by Daye Corporation) and 6.82% by Cinda HK (an independent third party), respectively, immediately before the completion of the reverse takeover transaction (the "Reverse Takeover Transaction"). Prosper Well and its subsidiaries (the "Prosper Well Group") are principally engaged in mining and processing of mineral ores and trading of metal products in the PRC. The details of the Reverse Takeover Transaction are set out in the Company's circular dated 29 December 2011 and the Company's supplemental circular dated 17 February 2012.

The Reverse Takeover Transaction

The Reverse Takeover Transaction has been accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 (Revised 2008) Business Combination ("HKFRS 3 (Revised 2008)") because the issuance of the Consideration Shares and the convertible note in exchange of the entire shareholding in Prosper Well resulted in China Times, previously holding 20.8% shareholding in the Company, becoming the controlling shareholder of the Company holding 69.04% equity interests upon completion of the Reverse Takeover

Transaction. For accounting purpose, the Company (together with its subsidiaries before the completion of the Reverse Takeover Transaction, collectively referred to as the "Existing Group") is deemed to have been acquired by Prosper Well which is deemed as the accounting acquirer. These consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the Prosper Well Group and accordingly:

(i) The assets and liabilities of the Prosper Well Group are recognised and measured at their carrying amounts;

(ii) The identified assets and liabilities of the Existing Group are recognised and measured initially at their fair value in accordance with the HKFRS 3 (Revised 2008); and

(iii) The comparative information presented in these consolidated financial statements is restated to be that of the Prosper Well Group.

In preparing these consolidated financial statements, the Prosper Well Group has applied the acquisition method to account for the acquisition of the Existing Group. In applying the acquisition method, the consideration deemed to be given by Prosper Well was HK$2,775,156,000 (equivalent to approximately RMB2,259,809,000), which is the sum of (i) the deemed consideration of HK$2,711,730,000 (equivalent to approximately RMB2,208,161,000) (calculated based on the market price of HK$0.485 each of the Company's 5,591,195,552 ordinary shares in issue on 7 March 2012 immediately before the completion of the Reverse Takeover Transaction); and (ii) the fair value of Company's share options outstanding on 7 March 2012 immediately before the completion of the Reverse Takeover Transaction classified as equity of HK$63,426,000 (equivalent to approximately RMB51,648,000) (collectively referred to as the "Deemed Consideration"). The separately identifiable assets and liabilities of the Existing Group were recorded in the consolidated statement of financial position at their fair value upon the completion date of the Reverse Takeover Transaction. Goodwill arising on the acquisition of the Existing Group of approximately RMB1,961,656,000, being the excess of the Deemed Consideration over the identifiable assets and liabilities of the Existing Group upon the completion date of the Reverse Takeover Transaction, was recorded. The results of the Existing Group have been consolidated to the Company's consolidated financial statements since the completion date of the Reverse Takeover Transaction.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has adopted certain amendments to standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are mandatorily effective for the annual period beginning on 1 January 2012.

– amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets; and
– amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Except for the disclosure requirements set out in the amendments to HKFRS 7, the adoption of the above amendments to standards in the current year has had no material impact on the Group's financial performance and position for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the year.

As at 31 December 2012, the Group has discounted bills receivable amounted to RMB21,850,000 (31 December 2011(restated): RMB12,000,000) and notes receivable amounted to RMB60,000,000 (31 December 2011(restated): RMB60,000,000) to banks on a with recourse basis and endorsed bills receivable amounted to RMB238,015,000 (31 December 2011(restated): RMB383,948,000) to suppliers in exchange for goods or services. The Group continues to recognise the bills receivables and notes receivable and the corresponding borrowings and trade payables because the transfers do not satisfy the derecognition criteria set out in HKAS 39 Financial Instruments: Recognition and Measurement.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[4]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (Revised in 2011)	Employee Benefits[1]
HKAS 27 (Revised in 2011)	Separate Financial Statements[1]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2015
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2014

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the HKFRS 13 will result in more extensive disclosures in the consolidated financial statements.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after trade discounts and sales related tax, for the year.

An analysis of the Group's revenue for the year is as follows:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Revenue from sale of goods	**28,711,872**	26,938,291
Revenue from the rendering of services	**166,251**	206,468
	28,878,123	27,144,759

6. SEGMENT INFORMATION

Information reported to the chief executive officer of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

As the Existing Group are mainly involved in exploration of mineral resources and are integrated into those of the Prosper Well Group upon the completion of the Reverse Takeover Transaction, the Group has one reportable operating segment, being production and sale of copper and other related products. No operating segment information is presented other than entity-wide disclosures. The chief executive officer of the Company reviewed the consolidated financial statements of the Group prepared in accordance with HKFRSs as a whole.

The following is an analysis of the Group's revenue by major product and service categories:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Sales of goods		
– copper cathodes	**20,091,529**	19,170,117
– other copper products	**588,689**	663,502
– gold and other gold products	**4,862,223**	3,958,785
– silver and other silver products	**2,514,869**	2,396,505
– sulphuric acid and sulphuric concentrate	**226,041**	268,159
– iron ores	**232,107**	300,387
– others	**196,414**	180,836
	28,711,872	26,938,291
Rendering of services		
– copper processing	**152,709**	197,384
– others	**13,542**	9,084
	166,251	206,468
Total revenue	**28,878,123**	27,144,759

Geographical information

The Group operates in three principal geographical areas – the PRC, Hong Kong and The Republic of Mongolia ("Mongolia").

The Group's revenue from external customers by location of operations and information about its non-current assets (excluding deferred tax assets and restricted bank deposits) by location of assets are detailed below:

	Revenue from external customers 31 December		Non-current assets 31 December	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(restated)		(restated)
PRC	**28,420,543**	26,864,671	**9,689,568**	5,595,444
Hong Kong	**457,580**	280,088	**937**	–
Mongolia	**–**	–	**687**	–
	28,878,123	27,144,759	**9,691,192**	5,595,444

Information about major customers

Details of customers who accounted for 10% or more of total consolidated revenue are as follows:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Percentage to consolidated revenue		
– Customer A	**16.5%**	10.7%

7. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Interest income on bank deposits	**30,110**	49,956
Value-added tax refund	**16,411**	14,342
Government grants received *(Note)*	**26,275**	11,966
Deferred income recognised	**10,216**	4,176
	83,012	80,440

Note: The government grants mainly represented subsidies for imported copper ores and refunds of river mention maintenance fees.

8. OTHER GAINS/(LOSSES), NET

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Losses on disposal of property, plant and equipment, net	**(3,149)**	(15,431)
Fair value changes (transactions not qualified as fair value hedges) from:		
– Commodity derivatives contracts	**25,077**	(89,647)
– Currency forward contracts	**4,620**	(4,774)
– Gold loans designated as financial liabilities at fair value through profit or loss	**3,114**	12,552
– Provisionally priced sales agreement	**(626)**	–
Fair value changes (transactions qualified as fair value hedges) from:		
– Inventory hedged by commodity futures contracts	**(1,085)**	(684)
– Fair value gains of commodity futures contracts designated as hedging instrument	**1,187**	798
Gain on derivative component on convertible notes	**12,271**	–
Effect of maturity date extension of convertible notes	**4,980**	–
Exchange gains, net	**25,403**	61,837
(Allowance for)/reversal of impairment of:		
– trade receivables	**(705)**	(1,001)
– other receivables	**6,875**	(15,218)
Others	**8,279**	3,803
	86,241	(47,765)

9. FINANCE COSTS

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Interest on bank and other borrowings:		
– wholly repayable within five years	**(224,353)**	(219,978)
– wholly repayable beyond five years	**(7,466)**	(3,976)
– Interest on loans from Daye Corporation	**(106,173)**	(43,761)
Interest expenses on convertible notes	**(55,659)**	–
Unwind interest of provisions	**(6,892)**	(27,881)
Unwind interest of early retirement obligation	**(2,080)**	(1,990)
Total borrowing costs	**(402,623)**	(297,586)
Less: Borrowing costs capitalised in construction in progress	**34,523**	52,491
	(368,100)	(245,095)
The weighted average capitalisation rate on funds borrowed, generally (per annum)	**4.45%**	3.07%

10. INCOME TAX (EXPENSE)/CREDIT

	2012	2011
	RMB'000	*RMB'000*
		(restated)
PRC Enterprise Income Tax	**(9,417)**	(15,959)
Deferred income tax	**(8,574)**	39,435
	(17,991)	23,476

No provision for Hong Kong profits tax has been made as the Group has no assessable profit generated in Hong Kong for both years. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the Group was 25% for both years.

Income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Profit before tax	**181,643**	157,635
Tax at applicable income tax rate of 25%	**(45,411)**	(39,409)
Effect of tax concession	**4,670**	23,302
Income not subject to tax *(Note)*	**43,440**	47,214
Expenses not deductible for tax purposes	**(12,093)**	(7,631)
Tax losses not recognised	**(7,426)**	–
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	**(1,171)**	–
Income tax (expense)/credit for the year	**(17,991)**	23,476
Effective tax rate	**9.90%**	-14.89%

Note: Income not subject to tax mainly represents exempted income from the Group's sales of metal products produced using prescribed resources, including silver and vitriol, pursuant to the Article 33 of the EIT Law and the Article 99 of the PRC EIT Detailed Implementation Regulations. According to these tax regulations, 10% of the income derived from the sales of particular products can be deducted from taxable income of an entity if it utilises certain prescribed resources, that are not restricted or prohibited by the PRC government and satisfy the relevant State and industrial criteria, as the major materials in the production of those products.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Depreciation of property, plant and equipment	**341,699**	383,191
Amortisation of intangible assets (included in administrative expenses)	**29,205**	28,589
Amortisation of prepaid lease payments	**20,503**	19,418
Auditor's remuneration	**4,120**	549
Staff costs:		
Salaries, wages and welfare (including directors' remuneration to the extent since the completion of the Reverse Takeover Transaction)	**451,818**	481,820
Retirement benefit schemes contributions	**170,957**	134,962
Total staff costs	**622,775**	616,782
Cost of inventories recognised as an expense	**27,856,674**	26,036,303
Research costs	**12,496**	17,971
Donations	**2,500**	3,296
Minimum lease payments in respect of land and buildings	**18,500**	13,449

12. DIVIDENDS

No dividend in respect of ordinary shares has been paid or declared by the Company for both years.

During the year, the Company accrued dividends of approximately RMB4,000 (2011: RMB4,000) on its 16,485 cumulative redeemable preference shares. Such accrued dividends are included in finance costs of the Group.

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**157,176**	149,275
Effect of dilutive potential ordinary shares:		
– HK$220,000,000 1% convertible notes		
• Interest expenses	**12,180**	
• Effect on maturity date extension	**(4,980)**	
• Gain on derivative component	**(12,271)**	
– Dividends on cumulative redeemable preference shares	**4**	
Earnings for the purpose of diluted earnings per share	**152,109**	N/A
	'000	*'000*
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**16,319,663**	10,775,777
Effect of dilutive potential ordinary shares:		
– HK$220,000,000 1% convertible notes	**240,416**	
– Cumulative redeemable preference shares	**1,877**	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**16,561,956**	N/A

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2011 is determined by reference to the pre-combination capital of the Prosper Well Group multiplied by the exchange ratio established in the Reverse Takeover Transaction.

The weighted average number of shares used for the purpose of calculating basic earnings per share for the year ended 31 December 2012 is determined by reference to the pre-combination capital of the Prosper Well Group multiplied by the exchange ratio established in the Reverse Takeover Transaction and the weighted average total actual shares of the Company in issue after the completion of the Reverse Takeover Transaction.

No diluted earnings per share for the year ended 31 December 2011 is presented because the Prosper Well Group did not have potential ordinary shares outstanding during that year.

The computation of diluted earnings per share for the year ended 31 December 2012 does not assume the conversion of the Company's outstanding HK$1,003,836,048 zero coupon convertible note, which was issued upon the completion of the Reverse Takeover Transaction since its exercise would result in an increase in earnings per share for the year ended 31 December 2012.

The computation of diluted earnings per share for the year ended 31 December 2012 does not assume the exercise of the Company's options, which were assumed by the Group upon the completion of the Reverse Takeover Transaction, because the exercise price of those options was higher than the market prices of the Company's ordinary shares for the year ended 31 December 2012.

14. TRADE, BILLS AND NOTES RECEIVABLES

	At 31 December	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Trade receivables	**258,003**	132,957
Less: Allowance of doubtful debts	**(4,722)**	(4,017)
	253,281	128,940
Bills receivable:		
– Bills receivable on hand	**60,682**	72,244
– Discounted to banks	**21,850**	12,000
– Endorsed to suppliers	**238,015**	383,948
Notes receivable on hand	**500**	–
Notes receivable discounted to banks	**60,000**	60,000
Total trade, bills and notes receivables	**634,328**	657,132

The majority of sales are made under contractual arrangements whereby a significant portion of amount of each sale is received before delivery or promptly after delivery and the remainder is received within 6 months after delivery. The following is an aged analysis of trade receivables, presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised, net of allowance for doubtful debts.

	At 31 December	
	2012	2011
	RMB'000	*RMB'000*
		(restated)
Trade receivables, net		
Within 1 year	**252,806**	128,061
More than 1 year, but less than 2 years	**311**	599
More than 2 years, but less than 3 years	**155**	244
Over 3 years	**9**	36
	253,281	128,940

The Group's notes receivable represents the commercial acceptance notes issued by third parties. The maturity period of both bills and notes receivable are within 6 months.

15. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date:

	2012	2011
	RMB'000	*RMB'000*
		(restated)
Within 1 year	**1,371,670**	1,298,688
More than 1 year, but less than 2 years	**4,850**	4,068
More than 2 years, but less than 3 years	**608**	1,190
Over 3 years	**5,993**	5,737
	1,383,121	1,309,683

16. ISSUED EQUITY

Issued equity represents the issued equity instruments of Prosper Well before the Reverse Takeover Transaction and, in the case of after the Reverse Takeover Transaction, plus the Deemed Consideration to be given by Prosper Well for the Reverse Takeover Transaction, represented by the fair value of the Company's shares immediately prior to the Reverse Takeover Transaction.

Ordinary share capital of Prosper Well

Prosper Well was incorporated on 1 December 2010 with an initial authorised ordinary share capital of US$50,000 divided into 50,000 shares of US$1 each. On the date of incorporation, 1 ordinary share was issued with ordinary share capital of US$1. Since then, Prosper Well did not have any change in its share capital.

As at 31 December 2011, the issued equity of the Group reflects the ordinary share capital of Prosper Well of US$1.

Ordinary share capital of the Company

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.05 each		
At 1 January 2011, 31 December 2011 and 31 December 2012	30,000,000,000	1,500,000
		RMB'000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 1 January 2011 and 31 December 2011	5,591,195,552	227,646
Issue of Consideration Shares *(Note)*	11,736,715,634	477,860
At 31 December 2012	17,327,911,186	705,506

Note:

As disclosed in note 2 above, the consideration of the Reverse Takeover Transaction was partly satisfied by the allotment and issue of 10,799,762,092 ordinary shares of the Company and 936,953,542 ordinary shares of the Company to China Times and Cinda HK, respectively. The Reverse Takeover Transaction was completed on 7 March 2012. The Consideration Shares issued on the completion date was based on the closing price of HK$0.485 per share on 7 March 2012, resulting in credits to ordinary share capital of the Company of RMB477,860,000 (HK$586,836,000) and share premium of the Company of RMB4,157,385,000 (HK$5,105,471,000).

BUSINESS REVIEW AND PROSPECTS

Business Review

In 2012, impacted by the unstable and deteriorating European debt crisis, the persistent depression of global economy and the slowdown in the economic growth of China, the prices of non-ferrous metal products dropped while the prices of energy resources remained at high level and labour cost increased substantially. The Company managed to overcome the adverse impact brought about by the stringent macro-economic environment and completed reorganisation in 2012. With the success in reorganisation, the Company became the first state-owned enterprise listed as red chip company in the Hubei province, which established a solid platform for the Company to implement its capital operation.

Upon completion of the reverse takeover on 7 March 2012, the production and operation mode of the Company has undergone significant changes. By means of improvement in various aspects, the Company managed to maintain stable and rapid development with annual revenue derived from business operation for the year ended 31 December 2012 amounted to approximately RMB28,878,123,000 (2011 (restated): RMB27,144,759,000), representing a year-on-year growth of approximately 6.4% and profit attributable to owners of the Company of approximately RMB157,176,000 (2011 (restated): RMB149,275,000).

By optimizing our production process, the Company operated at full capacity and achieved its expected production targets for the year ended 31 December 2012. During the year, the Company produced a total of approximately 22,000 tonnes of mined copper, up by approximately 6.06% year-on-year; approximately 275,200 tonnes of copper cathode, up by approximately 1.66% year-on-year; approximately 397.12 tonnes of precious metals (including approximately 7,754 kg of gold, 389.14 tonnes of silver, 13 kg of platinum and 201 kg of palladium), up by approximately 9.7% year-on-year; approximately 790,800 tonnes of chemical products(including sulfuric acid), up by approximately 14.33% year-on-year; and approximately 271,000 tonnes of iron concentrate.

In respect of scientific research, the Company established technological research and development platforms such as the "State-level Project Practice Education Center" and the "Hubei Provincial Key Laboratory of Non-Ferrous Metallurgy and Recycling". The design institute of the Company became the first unit in Hubei Province to have obtained Grade A qualification in the metallurgical industry (the metallurgical engineering as well as the metallurgy and mine engineering). These high-end and high-level scientific research platforms have laid the solid foundation for expanding our business scale and expediting technological achievement.

In addition, the Company focused on the technical difficulties in the mine and metallurgical production, designated scientific personnel to tackle the technical problems and managed to achieve satisfactory results. During the year, examination and acceptance of 35 scientific research projects have been completed, some of which have been applied to register as key research projects of the province. The project under the National Science and Technology Support Program, "Study on the Critical Technology and Equipment for Highly Effective Recycling of Valuable Metals from Secondary Resources of Copper Mines" (銅礦山二次資源有價元素高效回收利用關鍵技術與裝備研究), has passed in the accreditation assessment. The project "Study on New Regrinding Technologies for Flotation Middling Selective Grading and Their Applications" (浮選中礦選擇性分級再磨新技術及應用研究) was awarded "Third Prize of Hubei Province for Progress in Science and Technology". The projects of "Methods for Chemical Analysis of Blister Copper" (粗銅化學分析方法) and "Methods for Chemical Analysis of Copper Anode Mud" (銅陽極泥化學分析方法), being participated in setting standards for the national non-ferrous metal industry, have reached advanced international standard and won "Second Prize for Progress in Science and Technology" in non-ferrous metal. Moreover, the Company was granted eighteen patents during the year, of which three were invention patents.

In 2012, the Company implemented the projects for prospecting of replacement resources in the province's old mines and re-exploration of the Company's mines. The main work has progressed as planned. New achievements were made in mineral resources exploitation. The Company persisted with fringe and in-depth prospecting and integration of production and prospecting for internal mines. The Company has completed a drilling footage of 11,397m which exceeded the prospecting target for the whole year. A prospecting footage of 11,239m was completed in Xinjiang Ulugqat Sareke Copper Mine, with expected additional resource reserves of approximately 160,000 tonnes. Required works for changes and extension of the mining license in respect of Yanxi Copper Mine in Hami, Xinjiang has been completed and the detailed geological exploration will commence shortly.

In addition, the construction work of various mines of the Group has been conducted and new progress has been achieved. The work progress of various mines is as follows:

For the in-depth mining work in Tonglvshan Mine, a drilling volume of 3,416m/31,735m^3 has been completed. For the mining work in No.XI ore body, the drilling volume of 2,945m/59,798m^3 has been completed, with the wellbores of the mixed wells and the upcast air shaft well excavated and reinforced. Efforts were made to accelerate the construction of the middle portion of the ore passing fragmenting system. The reform scheme for the capacity expansion of ore processing system in Tonglvshan Mine has been formulated with the plan to commence construction in 2013. For the in-depth mining work in Tongshankou Mine, a drilling volume of 7,607m/107,989m^3 has been completed. The wellbores of its main and auxiliary wells and the upcast air shaft have been properly excavated and reinforced. The construction of the level-tunnel and the auxiliary shaft tower has been commenced. Significant progress has been achieved in land acquisition and relocation for construction of a new tailing storage facility. The construction of drainage culvert for the new storage facility has commence. Exploitation of 320m was conducted at the northern edge of Fengshan Copper Mine and a drilling volume of 1,552m/12,762m^3 has been completed for the in-depth mining work. As for the in-depth mining work of Chimashan Mine, the installation of the blind shaft has been completed. Construction of the mines located outside of the province has progressed proactively. For Xinjiang Ulugqat Sareke Copper Mine, the Company has completed the drilling of an incline with a drilling depth of 380m and a ventilation shaft with a tunneling depth of 362m. The construction of infrastructure such as water and power supply systems has been completed.

Finally, construction of the Ausmelt furnace ancillary facility has progressed smoothly. The Company has completed the construction of No. 2 refining furnace and put it into operation on 25 May, while the residual heat power plant has been connected to the power grid since 13 June and trial production of No. 4 converter furnace was launched on 30 August. For the clean production demonstration project for copper processing with a production capacity of 300,000 tonnes, power supply was connected for trial production on 30 September. The production capacity of Company for copper cathode reached 700,000 tonnes and was ranked top three in China. Construction of Phase I of the Precious Metals Industrial Park in Golden Hill (黃金山) has been substantially completed. The Company's ability in managing exploitation of precious metals and the relevant technological level are expected to be enhanced remarkably after the commencement of production.

Tong Xing Project

On 31 May 2012, the Company entered into a mining exploration agreement (the "Exploration Agreement") with Alexis Resources Limited (the "Vendor") in respect of the exploration of a copper mine (the "Hami Mine") located at about 115 km southwest of Hami, a city in the eastern part of the Xinjiang Uygur Autonomous Region, the PRC. The center of the Hami Mine is situated in an area located at about longitude 92°28' degrees east, latitude 42°05' degrees north (the "New Mining Area").

On 3 August 2012, the Company was informed that the mining license of the Hami Mine has been granted to Xinjiang Tong Xing Mining Company Limited ("Tong Xing") by the Department of Land and Resources of Xinjiang Uygur Autonomous Region for a period of two years from 4 May 2012.

Pursuant to the Exploration Agreement, the Vendor provided a report on the reserves of the New Mining Area in compliance with National Instrument 43-101 (The (Canadian) Standards of Disclosure for Mineral Projects) (the "Report") to the Company on 31 December 2012. According to the Report, the indicated copper resource reserves of the New Mining Area amounted to 36,400 tonnes. Therefore, pursuant to a supplemental agreement entered into between the Company and the Vendor on 30 December 2010 (the "Supplemental Agreement"), the consideration for the sale of interest in Tong Xing shall be increased by HK$84,160,440 (based on the rate of HK$2,312.10 per tonne of copper) (the "Adjustment").

Pursuant to the Supplemental Agreement, HK$42,080,220, being 50% of the Adjustment, was settled by the Company on 31 December 2012 through the delivery of Convertible Notes as to HK$21,000,000 and the payment in cash as to the remaining HK$21,080,200. The remaining 50% of the Adjustment, being HK$42,080,220, was kept by the Company for payment of the cost of the mining license of the New Mining Area.

Details of the above project were disclosed in the announcements of the Company dated 31 May 2012, 7 August 2012 and 31 December 2012.

Prospects

The global economy remains highly uncertain in 2013. From the perspective of macro-economy, it is unlikely to completely get rid of the European debt crisis. The global economy shows a weak recovery. The prices of major products remain at a comparatively low level. In light of the expansion of production scale, coupled with the volatile fluctuation of copper prices, the Company encounters greater difficulties in operation and management. According to the data of the international copper research organisation, starting from 2013, the global productivity of copper concentrate will expedite its year-on-year growth rate at approximately 5%. Meanwhile, the output of the copper mines in China remains stable growth. The control measures of China will have substantial impact on the non-ferrous metals industry. According to the "12th Five-year Development Plan" of China, the launch and implementation of the "Energy-saving Subsidy Program" will lead to further increase in the consumption demand for non-ferrous metals, in particular, the products refined and processed from non-ferrous metals.

In 2013, the non-ferrous metal industry shows signs of stability with upward trend in production growth and improvement in efficiency. The prices of non-ferrous metals are expected to increase in 2013 as compared to 2012. However, the prices will only increase slightly due to a sufficient supply.

At the end of 2013, it is expected that the domestic production capacity for copper smelting and concentrate will reach approximately 55.93 million tonnes/year and 9.76 million tonnes/year respectively, representing an increase of 920,000 tonnes and 1.40 million tonnes respectively as compared to 2012. The output of copper concentrate will reach approximately 6.10 million tonnes, up by approximately 8.9% year-on-year. The consumption volume of the copper concentrate will increase to 8.10 million tonnes, up by approximately 5.5% year-on-year. In respect of import and export, the domestic productivity will continue to expand with anticipated increase in the global output of copper concentrate. The import volume of copper concentrate is expected to increase in the coming year. Moreover, with improved domestic economic environment and the persistent loose monetary policy, import financing will decrease.

OPERATING OBJECTIVES AND STRATEGIES IN 2013

Currently, the global economy remains uncertain while the PRC economy is undergoing structural adjustments. The slowdown in economic growth co-exists with the pressure of soaring costs. The global economy is unstable and is showing no signs of recovery, which will bring about greater difficulties to the operations of the Group.

The main production targets of the Group for 2013 include producing 21,000 tonnes of mined copper, 500,000 tonnes of copper cathode, 12 tonnes of gold, 600 tonnes of silver, 982,000 tonnes of sulphuric acid, 230,000 tonnes of iron concentrate, 124 tonnes of molybdenum concentrate, 25 kg of platinum, 331 kg of palladium, 301 kg of ammonium perrhenate (contained metal), 385 tonnes of nickelous sulfate (containing metal), 214 tonnes of selenium dioxide and 20 tonnes of tellurium.

In order to facilitate the realization of the above-mentioned production targets, we will endeavor to accomplish the following works properly, which will be funded through the Group's working capital, bank borrowings and other forms of debt and/or equity financing.

1. To optimize the production process and enhance the production efficiency

Firstly, the Group's mining unit will be operating at full production capacity to ensure the output of mined copper exceeding 21,000 tonnes.

Secondly, the Company will grasp the favourable opportunity of the completion of technological reform of the smelting system to further expand the scale of metallurgical production and place emphasis on the critical issues such as solving the life span issue of Ausmelt furnace, optimizing the production process of the converter furnace and the refining furnace, stabilizing the operation of the sulphuric acid system, achieving a production target of 300,000 tonnes from the new electrolysis system and optimizing the operation of the wet system etc.

Thirdly, leveraging on the Group's Precious Metals Industrial Park being put into operation and after all-rounded planning as well as earnest preparation, the Company will optimize its production process and control process with improvements in the technical-economic index through upgraded equipment standards and expansion in system productivities.

2. To optimize marketing and trading operation, improve efficiency level, enhance analytical and judgment capabilities on market analysis, actively expand the market, establish innovative and stable models in business operation

Firstly, the Company will further strengthen its marketing operation, increase domestic purchases of the raw material types with higher efficiency, stabilize the supply channels of overseas copper concentrate, upgrade the quality of imported minerals, optimize the supply structure of raw materials, adopt flexible marketing strategy, allocate reasonable proportion from long term orders and retail sales, continue to explore and study the futures and options, maintain values through option hedging, innovate portfolio models of the futures and options for maintaining values, fully utilize the relevant state policies, innovate operation profit model from imported mines, enhance the sales effort to the direct downstream users of copper cathode and other products as well as upgrade the product recognition of the Company.

Secondly, the Company will further enhance its trading operation, innovate profit model for trading, develop agency business in imported materials, entrepot trades and overseas trades in precious metals, expand trading products and formulate new profit generating points.

3. To push forward with the project construction vigorously and upgrade the comprehensive strengths of various business segments

Firstly, the Company will continue to conduct geological exploration work properly, place emphasis on integrated exploration and prospecting, prospecting for the old mines in Tongshankou district and in-depth prospecting at the fringe areas of various mines, seek to complete the prospecting footage of 9,800m, expedite the development of overseas resources and strive to increase its ownership for the resources.

Secondly, the Company will expedite mine construction. For the mining work of No.XI ore body in Tonglvshan Mine, the total drilling volume of 4,250m/60,000m^3 will be completed during the year. For exploitation of the 485m middle portion of the Tonglvshan Mine, the total drilling volume of 1,800m/20,000m^3 will be completed during the year. Reforms in ore processing capacity and construction for the main body facility of Tonglvshan Mine will commence in May. The Company will expedite prospecting work at 50m of south fringe and 100m of the eastern part of Fengshan Mine, integrate 8-line mining area and +4, +6-line mineral resources so as to ensure the formation of stable productivity. According to the objective of the in-depth mining work in Tongshankou Mine which is expected to be fully completed at the end of the year, the Company will expedite the construction and installation works of ore passing fragmenting system in the main well and the construction work of the main shaft tower. The replacement work of the tailing storage facility of Tongshankou Mine will have the land acquisition for the storage area, the construction of the new dam and the drainage system to be completed during the year, which will commence production at the end of the year. For Xinjiang Ulugqat Sareke Mine, the drilling work of the main incline will be completed during the year. The Company will seek to complete 50,000 to 60,000m^3 of the construction of the measure well. The main work for underground excavation will be basically complete by the end of the year. Meanwhile, the Company will expedite the construction of the plant, the tailing storage facility and the filling station.

Thirdly, the Company will continue to optimize its smelting production system, expedite the nickelous sulfate project with a new 300,000 tonnes copper electrolysis system, continue with the reformation of the high-pressure positive blower for the converter furnace, the reformation of the 3# anode furnace, the waste acid reformation work, the 200,000 tonnes scrap copper comprehensive recycling project and the 300,000 tonnes precious metal concentrate processing project construction.

Fourthly, the Company will expand the precious and rare metal production system, focus on trial run for equipment in Phase I of Precious and Rare Metals Industrial Park and ensure the output quantity and quality after completion of Phase I of the park. The Company will push forward steadily with the construction of Phase II of Precious and Rare Metals Industrial Park. The anode baking (陽極泥焙燒) system will be completed and will commence production in April 2013. The refined nickelous sulfate project will be completed and will commence production at the end of October 2013. The refined tellurium project will be ready for production at the end of June 2013. The refined selenium project will be ready for production before end of August. The construction of the silver slag separation project will commence at the end of the year 2013.

4. **To promote the integration of industrial capital and financial capital as well as develop and strengthen capital**

Firstly, the Company will make good use of the capital markets in China and overseas to achieve multi-channel financing at low cost by means of equity financing, bond financing, overseas direct loan, cross-border trade financing etc.

Secondly, the Company will actively develop the capital operation, capitalize the effectiveness of existing financial products, actively select projects and introduce new financial products. The Company will also focus and study the changes in interest rates and the exchange market, seize opportunities, and push forward with the development of the relevant riskless arbitrage rigorously. The Company will strive to study and make use of the capital market and expedite the pace of mergers and acquisitions.

Thirdly, the Company will upgrade its business segments to promote the integration of industrial capital and financial capital. With reference to the standards of the listed enterprises and in compliance with the applicable listing rules, the Company will expedite the construction and upgrades of its various business segments to create good conditions for gradually achieving subsequent development of quality assets, expediting asset capitalization and asset securitization.

REVENUE

For the year ended 31 December 2012, the Group recorded revenue of approximately RMB28,878,123,000 (2011 (restated): RMB27,144,759,000), representing an increase of approximately 6.39% compared to the previous year. The increase in revenue was mainly attributable to the expansion in the Group's trading business and production.

COST OF SALES

For the year ended 31 December 2012, the cost of sales/services of the Group amounted to approximately RMB28,015,144,000 (2011 (restated): RMB26,223,420,000), representing an increase of 6.83% over the previous year, which is primarily due to the expansion in the Group's trading business.

ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended 31 December 2012 amounted to approximately RMB392,220,000 (2011(restated): RMB470,716,000), representing a 16.68% decrease compared to the previous year. The decrease was primarily due to the improvement in cost controls.

FINANCE COSTS

Finance costs for the year ended 31 December 2012 amounted to approximately RMB368,100,000 (2011 (restated): RMB245,095,000), representing an increase of 50.19% over the previous year, primarily due to the increase in the amount of the Group's borrowings and convertible notes.

PROFIT BEFORE TAX

As a result of the foregoing factors, profit before tax for the year ended 31 December 2012 was approximately RMB181,643,000 (2011 (restated): RMB157,635,000), representing an increase of 15.23% over the previous year.

INCOME TAX EXPENSE/CREDIT

Income tax expense for the year ended 31 December 2012 amounted to approximately RMB17,991,000 (2011 (restated): tax credit of RMB23,476,000), primarily as a result of less tax concession in respect of purchases and utilisation of special purpose equipment related to environmental protection, energy and water conservation and work safety in 2012 as most of these equipment had been purchased in 2011 and put into use in 2012.

PROFIT FOR THE YEAR

As a results of the foregoing factors, profit for the year ended 31 December 2012 amounted to approximately RMB163,652,000 (2011 (restated): RMB181,111,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's current ratio was approximately 1.02 (2011 (restated): 1.00), based on current assets of approximately RMB7,559,770,000 divided by current liabilities of approximately RMB7,379,410,000. The Group's gearing ratio as at 31 December 2012 was approximately 131.2% (2011 (restated): 114.3%), based on net debts of approximately RMB7,205,212,000 (2011 (restated): RMB4,122,902,000) divided by total equity of approximately RMB5,492,448,000 (2011 (restated): RMB3,606,072,000). The increase in gearing ratio was attributable to the Group's increase in borrowings and convertible notes for the year ended 31 December 2012.

As at 31 December 2012, the Group had a net cash position and had sufficient funding to pay off all the outstanding liabilities and meet its working capital requirement.

During the year ended 31 December 2012, the Group incurred capital expenditure of approximately RMB9,331,000 (2011 (restated): RMB4,622,000) for exploration activities.

BORROWINGS AND PLEDGE OF ASSETS

For the year ended 31 December 2012, the Group's total borrowings amounted to approximately RMB8,639,759,000 (2011 (restated): RMB5,401,660,000). The increase in borrowings was due to the increase in financing needs as a result of the expansion of the Group's operations and also the issuance of convertible notes for the acquisition of mining rights and the Reverse Takeover Transaction.

As at 31 December 2012, certain bank borrowings of the Group were secured by bank deposits of RMB37,713,000 (2011 (restated): RMB450,973,000) and bills and notes receivables of RMB81,550,000 (2011 (restated): RMB72,000,000).

FOREIGN EXCHANGE RISK

The Group has transactional currency risk exposures as certain of its sales and purchases, trade, bills and notes receivables, derivative financial instruments, cash and bank balances, trade payables and convertible notes are transacted in Renminbi ("RMB"), Mongolia Tugrugs ("T"), United States Dollars ("USD") and Hong Kong Dollars ("HKD"). The exchange rate of RMB and T are comparatively volatile.

For the year ended 31 December 2012, the Group had entered into certain forward currency contracts to reduce such foreign exchange risk. The management will continue to monitor this risk.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

Other than the acquisition of the Hami Mine through the acquisition of a subsidiary and the Reverse Takeover Transaction, the Group had not made any material acquisition or disposal of subsidiaries during the year ended 31 December 2012.

CONTINGENT LIABILITIES

As at 31 December 2012, the Group had no contingent liabilities.

EMPLOYEES, REMUNERATION POLICY AND SHARE OPTION SCHEME

As at 31 December 2012, the Group had 10,608 employees (2011: 10,832). The Group's total staff cost for the year was approximately RMB649,484,000 (2011 (restated): approximately RMB616,782,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits considered appropriate. The Company adopted a share option scheme on 13 October 2003 to enable the Company to grant options to selected participants, including employees and directors of the Group, as incentive or rewards for their contribution to the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the company laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2012, the Company did not have any reserves available for distribution to the owners of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year under review, the Company had not redeemed any of its securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities.

EVENT AFTER THE REPORTING PERIOD

On 18 February 2013, the directors of the Company was informed by Daye Non-Ferrous Metals Corporation Holdings Limited ("Daye Corporation") that pursuant to an agreement entered into between State-owned Assets Supervision and Administration Commission of Hubei Provincial People's Government and China Nonferrous Metal Mining (Group) Co., Ltd ("CNMC") dated 18 February 2013, CNMC acquired the right to nominate a majority of the directors on the board of directors of Daye Corporation.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely, Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Guanzhou. The Audit Committee has reviewed the final results of the year ended 31 December 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transactions by the directors of the Company. All directors have confirmed, following specific enquiries made by the Company, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2012.

CORPORATE GOVERNANCE CODE COMPLIANCE

The Company had complied with the principles and the code provisions of the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2012, save for the deviation as summarized below:

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term in their letters of appointment. However, they are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company pursuant to the relevant provisions of the Company's Bye-laws, which, in the opinion of the directors of the Company, accomplishes the same purpose as having the non-executive Directors being appointed for a specific term.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this announcement, the Company has maintained the prescribed public float under the Listing Rules.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference. The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company and is delegated by the Board with the responsibility to determine on behalf of the Board the specific remuneration packages for all executive directors and senior management of the Company.

The Remuneration Committee currently comprises three independent non-executive directors, namely Mr. Wang Guoqi, Mr. Wang Qihong and Mr. Qiu Guanzhou.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") with specific written terms of reference. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitable and qualified to become the Board members and making recommendations to the Board.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company at www.hk661.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2012 annual report and the notice of the annual general meeting will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Zhang Lin
Chairman

Hong Kong, 26 March 2013

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Zhang Lin (Chairman of the Board), Mr. Long Zhong Sheng, Mr. Zhai Baojin, Mr. Tan Yaoyu and Mr. Wan Bi Qi; and three independent non-executive directors, namely Mr. Wang Qihong, Mr. Wang Guoqi and Mr. Qiu Guanzhou.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.